



0000084376

BEFORE THE ARIZONA CORPORATION COMMISSION

MIKE GLEASON  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
JEFF HATCH-MILLER  
Commissioner  
KRISTIN K. MAYES  
Commissioner  
GARY PIERCE  
Commissioner

Arizona Corporation Commission

DOCKETED

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IN THE MATTER OF THE APPLICATION  
OF QWEST COMMUNICATIONS  
CORPORATION TARIFF FILING TO  
INCREASE THE MAXIMUM MONTHLY  
RATES FOR VARIOUS OBSOLETE  
RESIDENTIAL CALLING PLANS

DOCKET NO. T-02811B-07-0029

DECISION NO. 70299

ORDER

Open Meeting  
April 8 and 9, 2008  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Qwest Communications Corporation ("QCC") is certificated to provide interexchange telecommunications service as a public service corporation in the State of Arizona.

2. On January 16, 2007, Qwest Communications Corporation ("QCC") filed tariff revisions to increase several maximum monthly rates for its Arizona Tariff No. 2. QCC seeks to increase its maximum monthly rate, per account, charge for the following seven (7) obsolete residential calling plans from \$0.99 to \$1.99:

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Calling Plan	Current Maximum Monthly Rate Per Account	Proposed Maximum Monthly Rate Per Account
QCC 10 Cent Flat Rate Plan	\$.99	\$1.99
QCC Lead Flat	\$.99	\$1.99
QCC Membership Plan	\$.99	\$1.99
QCC 200 Plan	\$.99	\$1.99
QCC Rollback	\$.99	\$1.99
QCC Unlimited Calling	\$.99	\$1.99
QCC Choice Long Distance	\$.99	\$1.99

3. On January 16, 2007, Qwest Communications Corporation ("QCC") filed tariff revisions to increase several maximum monthly rates for its Arizona Tariff No. 2. QCC seeks to increase its maximum monthly, per account, charge for the following seven (7) obsolete residential calling plans from \$0.99 to \$1.99:

4. The maximum monthly rate, per account charge applies whether the customer makes any interexchange calls and regardless of whether any intrastate calls are made during a month.

5. The maximum monthly rates are related to the subject of a proceeding that resulted in a Settlement Agreement approved by Decision No. 67745 on April 11, 2005.

Staff and Qwest LD Corp., its parent, affiliated companies (which includes QCC) or their successors ("Qwest" or "the Company"), (the Parties") agreed to a settlement of the Complaint and Petition for Order to Show Cause Docket ("Docket") filed by Staff and currently pending before the Arizona Corporation Commission ("Commission"), in Docket No. T-04190A-04-0904 (hereinafter referred to as "the Staff Complaint"). The Staff Complaint alleges that Qwest LD Corp. was required to file tariff and/or price list revisions with the Commission prior to implementing a \$2.99 surcharge as part of its Qwest Choice Long Distance calling plan, which applies to both interstate and intrastate long distance calls made by Arizona customers. The terms and conditions of the Settlement Agreement were intended to resolve all of the issues associated with Qwest's implementation of the \$2.99 surcharge as part of its Qwest Choice Long Distance calling plans as set forth in the Staff Complaint.

6. In the Settlement Agreement, Qwest acknowledged and agreed to accept on an interim basis, without prejudice, and until further Order of the Commission or until the conclusion

1 of the Generic Docket<sup>1</sup>, the Staffs interpretation of the Arizona statutes and rules regarding tariffing  
2 of monthly recurring charges for long distance plans which are applicable to both interstate and  
3 intrastate calls. The Generic Docket was required as part of the Settlement Agreement.

4 7. On December 19, 2006, Staff filed its report in the Generic Docket. In its report,  
5 Staff recommended:

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7 "...that QLDC be given the option of (1) listings all long distance  
8 rates and charges within its Arizona intrastate tariffs or (2) denoting  
9 within its Arizona intrastate tariffs those charges and rates which are  
10 listed in QLDC's interstate tariffs."

11 "...that QLDC be given 90 days to modify its Arizona intrastate  
12 tariffs accordingly."

13 "...that all intrastate long distance providers comply with the above  
14 Staff interpretation of tariffing rules and statutes. Intrastate long  
15 distance providers should be given 90 days to modify their Arizona  
16 intrastate tariffs accordingly, if necessary."

17 8. A decision has not been issued in the Generic Docket. Until such time as the  
18 Commission makes a determination in the Generic Docket, the provisions of the Settlement  
19 Agreement continue to apply.

20 9. Since Qwest proposes to increase the maximum monthly rate for a component of a  
21 service that has been classified as competitive under the Commission's Competitive  
22 Telecommunications Service Rules, Arizona Administrative Code Rule ("A.A.C.") R14-2-1110  
23 applies to QCC's proposal. QCC provided the information required by A.A.C. R14-2-1110 to  
24 allow Staff to determine the potential effects of approval of the filing.

25 10. The proposed rate increases contained in this filing are for services that have been  
26 classified as competitive by the Commission and are now subject to the Commission's  
27 Competitive Telecommunications Services Rules. Under those rules, rates for competitive  
28 services are generally not set according to rate of return regulation.

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<sup>1</sup> In The Matter Of The Generic Investigation Of Tariffing And Notice Requirements For Combined Interstate And Intrastate Calling Plans, Docket No. RT-00000J-05-0329

1           11.     QCC provided information which indicated that the Estimated Potential Additional  
2 Revenues associated with this filing at end of year 2006 were less than \$10,000<sup>2</sup>. By end of year  
3 2007, the Estimated Potential Additional Revenues declined to less than \$5,000<sup>3</sup>. At end of year  
4 2007, the customer base for these services was less than 1,000<sup>4</sup> residence customers.

5           12.     The revenue increase associated with the proposed maximum rates is less than 1  
6 percent of QCC's 2006 intrastate revenues<sup>5</sup>. Additionally, QCC provided information indicating  
7 that its proposed rates are comparable to those of competitor calling plans<sup>6</sup>.

8           13.     Staff obtained information regarding QCC's fair value rate base. Because of the  
9 nature of the competitive market and other factors, a fair value analysis is not necessarily  
10 representative of the company's operations. Therefore, while Staff considered the fair value rate  
11 base information of QCC, it did not accord that information substantial weight in its analysis of this  
12 matter.

13           14.     Staff notes that QCC did not file changes to the current rates corresponding to the  
14 maximum proposed rates, as are required by A.A.C. R14-2-1109(B). QCC, therefore, is not  
15 increasing the current or actual prices at this time but, rather, plans at some future time to file for  
16 such increases. This filing will not have immediate impact on the prices paid by residence  
17 customers. At a time when QCC does propose raising its current or actual rates, QCC must file  
18 such changes consistent with the requirements of A.A.C. R14-2-1109(B).

19           15.     Staff has recommended approval of this filing.

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27 <sup>2</sup> Actual information was been provided to Staff as Confidential. Originally, QCC inadvertently provided information  
for 14-states and subsequently provided Arizona specific information.

28 <sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> Qwest Communications Corporation 2006 Annual Report, April 15, 2007.

<sup>6</sup> e.g., AT&T - \$2.00, \$2.95, \$7.95, \$32.99; Cox - \$3.95, \$25.00; Embarq - \$5.95, \$6.95.

16. In its filing QCC provided evidence that it has provided notice to its customers. Because Staff believes that the Company did not comply with the Commission's public notice requirements, Staff recommends that QCC re-notice customers in a manner and form consistent with Commission requirements.

## CONCLUSIONS OF LAW

1. Qwest Communications Corporation is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over Qwest Communications Corporation and over the subject matter of this Application.

3. The Commission, having reviewed the tariff pages (copies of which are contained in the Commission's tariff files) and Staff's Memorandum dated March 25, 2008 concludes the tariff filing is reasonable, fair and equitable, and is therefore in the public interest.

ORDER

IT IS THEREFORE ORDERED that the tariff filing be and hereby is approved.

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1 IT IS FURTHER ORDERED that Qwest Communications Corporation re-notice customers  
2 in a manner and form consistent with Commission requirements.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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5 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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8 CHAIRMAN

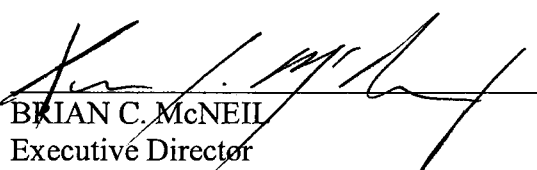
COMMISSIONER

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11 COMMISSIONER

COMMISSIONER

  
COMMISSIONER

12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
13 Director of the Arizona Corporation Commission, have  
14 hereunto, set my hand and caused the official seal of this  
15 Commission to be affixed at the Capitol, in the City of  
16 Phoenix, this 24<sup>th</sup> day of April, 2008.

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18 BRIAN C. McNEIL  
19 Executive Director

20 DISSENT: 

21 DISSENT: 

22 EGJ:AFF:lhmm\MAS  
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1 SERVICE LIST FOR: QWEST COMMUNICATIONS CORPORATION  
2 DOCKET NO. T-02811B-07-0029

3 Ms. Sharon Alvarado  
4 Regulatory Support Manager  
5 Qwest Communications Corporation  
6 1801 California Street, 47th Floor  
7 Denver, Colorado 80202

8 Mr. Ernest G. Johnson  
9 Director, Utilities Division  
10 Arizona Corporation Commission  
11 1200 West Washington Street  
12 Phoenix, Arizona 85007

13 Mr. Christopher C. Kempley  
14 Chief Counsel, Legal Division  
15 Arizona Corporation Commission  
16 1200 West Washington Street  
17 Phoenix, Arizona 85007  
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